7.2024: Musk vs OpenAI

# **When the Center Cracked: Elon Musk, OpenAI, and the Fight for AI’s Future**

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Let’s get one thing straight: this isn’t about politics, and it sure as hell isn’t about picking sides. I’m not pro-Musk. I’m not anti-Altman. I don’t care about personalities—I care about the

trajectory of artificial intelligence and who’s steering it. What happened in 2024 wasn’t a petty tech squabble. It was a public unraveling of the systems that claim to govern AI’s future. If we’re going to understand what’s coming, we need to look past the drama and get brutally honest about what’s really at stake.

In the summer of 2024, a rift at the heart of the AI world burst into public view. On one side stood **Elon Musk**, co-founder-turned-critic of OpenAI, armed with lawsuits and a new startup. On the other, **Sam Altman**, OpenAI’s CEO, backed by tech giants and billions in funding. What was once a unified vision of “AI for all” had splintered into a bitter feud over who controls the future of artificial intelligence. The fallout – legal, corporate, and philosophical – marked a turning point for the industry. As allegations flew and new AI players emerged, the public’s trust split down the middle. Was AI’s promise being hijacked by a powerful few, or was it finally getting the guardrails it needed? The answer, as 2024 revealed, depends on whom you ask.

## **Musk Sues the Lab He Helped Create**

Elon Musk isn’t just any dissatisfied observer – he was there at OpenAI’s inception. In 2015, Musk co-founded OpenAI as a non-profit lab, vowing to advance AI for the benefit of humanity. But by early 2024, Musk’s faith in that mission had collapsed. In a highly public move, he **sued OpenAI and CEO Sam Altman**, accusing them of betraying the organization’s founding ideals by pursuing profits over the public good. The lawsuit aimed to *halt OpenAI’s transformation* from non-profit to for-profit, a shift Musk argued was never part of the deal. A federal judge noted Musk’s grievances amounted to a very personal “grudge match” playing out in court.

Musk’s core claim was stark: OpenAI had **“abandoned its original mission”** of openness and beneficence. Instead, he alleged, it had become a “closed source, maximum-profit company effectively controlled by Microsoft” (as Musk bluntly put it). The irony was not lost on anyone – a company literally named “OpenAI” now stood accused of being the opposite of open. Musk’s lawsuit highlighted how in 2019 OpenAI created a for-profit arm to attract capital, a move he saw as a fatal corruption of its values. In court filings, Musk’s lawyers argued that **making ChatGPT’s creator a profit-seeking enterprise violated the pledges made to him** and other early backers. OpenAI’s response was equally sharp, calling Musk’s interpretation a distortion and saying they *had* to find funding “to develop the best artificial intelligence models” at scale. They urged Musk to **“compete in the marketplace rather than the courtroom”**.

As the legal drama escalated, Musk even issued a public dare: **“Change your name to ClosedAI and I will drop the lawsuit,”** he posted to his social network X (formerly Twitter). Musk accused OpenAI of “living a lie” by clinging to the “Open” moniker. It was an extraordinary spectacle – one of AI’s founding figures essentially arguing that the leading AI lab had sold its soul. The judge did not grant Musk’s immediate wish to freeze OpenAI’s restructuring, calling some of his claims a “stretch,” but did indicate parts of the case might go to trial. In any event, the lawsuit brought years of tension into the open and set the stage for a broader clash over AI’s future.

## **xAI and Grok: A New Challenger Appears**

While Musk fought in court, he was also building a rival to take on OpenAI in the marketplace. In July 2023 he had founded **xAI**, a new AI company with an explicit goal: **“understand the true nature of the universe”** (and perhaps, stick it to OpenAI). By late 2023, xAI unveiled its own AI chatbot, cheekily named **Grok** – a nod to sci-fi lore and a statement of ambition. Musk pitched Grok as a truth-seeking, irreverent alternative to ChatGPT. Unlike OpenAI’s models, which were criticized by some as too filtered and sanitized, Grok was designed to have fewer restraints: Musk boasted it would answer questions with a bit of humor and *wouldn’t be overly “woke” in its responses*, a clear jab at his competitors.

In November 2023, xAI rolled out **Grok to a select group of users on X**, and soon after to all paying subscribers of X’s Premium+ tier. By early 2024, Musk was touting a rapid improvement cycle – Grok 2, Grok 3 – and integrating the AI deeply into his social media platform. In a characteristically grand move, **Musk announced in March 2024 that xAI would open-source Grok’s code** to invite outside scrutiny and collaboration. The timing was pointed: this pledge came just **days after he filed suit against OpenAI** for betraying its open ethos. Aligning actions with words, Musk positioned xAI as the torchbearer of transparency. “This week, @xAI will open source Grok,” he wrote, explicitly aligning xAI with the likes of Meta and other firms releasing open-source AI models. In effect, Musk was rallying an *open-source rebellion* against what he viewed as Big Tech’s AI dominance.

**Publicly, Musk warned of AI in corporate hands** – he railed that companies like Google and OpenAI, backed by trillion-dollar giants, were seeking profit at the expense of truth. Grok, in Musk’s telling, would be different. It would be *free to use, free to inspect*, and beholden to no mega-corporation. Indeed, by the end of 2023 xAI even began offering **free access to Grok’s beta** for X users to compete with ChatGPT’s paid model. With Grok’s launch, the philosophical divide between Musk and OpenAI turned into a consumer choice: a brash, Musk-branded chatbot with open code and edgy replies on one side, versus OpenAI’s polished, guarded ChatGPT on the other. Developers and AI enthusiasts suddenly had a very real symbol of the schism – and they were forced to pick sides.

## **OpenAI’s Closed-Door Pivot with Big Tech Backing**

Meanwhile, **OpenAI in 2024 was virtually the polar opposite of Musk’s upstart venture**. Having pioneered the AI boom with ChatGPT, OpenAI had by now entrenched itself with powerful allies and significant secrecy. In 2019 it had restructured into a hybrid “capped-profit” corporation, taking a **$1 billion investment from Microsoft** and agreeing to funnel profits above a certain point back to the original non-profit. This allowed OpenAI to tap the immense cloud computing resources needed for cutting-edge AI – but it also tied the lab’s fate to corporate interests. By 2024, Microsoft’s stake had only grown (an additional multibillion-dollar investment came after ChatGPT’s success), and OpenAI’s technology was deeply integrated into Microsoft’s products and Azure cloud services. Musk and others pointed out that OpenAI was now effectively **“Microsoft-backed”** and reliant on that patronage. In Musk’s eyes, this was exactly the kind of centralization they’d tried to avoid in 2015.

Not only was OpenAI *not open-source* with its models anymore, it was downright secretive about its latest AI’s inner workings. When OpenAI launched **GPT-4 in 2023**, it declined to publish details of the model’s architecture or training data, citing competitive and safety concerns. This closed-door stance rankled the AI research community. Even **Sam Altman admitted uneasily that the name “OpenAI” no longer fit** – openness had taken a backseat to caution. *“We were on the wrong side of history by not embracing open-source,”* Altman would later reflect, acknowledging the irony. But in 2024, OpenAI held its course: it argued that releasing full model code or weights would be irresponsible when advanced AI could be misused (for disinformation, cyberattacks, etc.). Instead, OpenAI offered its models via limited APIs and licensed partnerships. To many idealists, this felt like a betrayal. OpenAI was now **locking down technology that a few years ago it might have open-sourced** – a stark reversal justified by the company as necessary for safety and survival.

Critics saw another motive: profit. OpenAI had become a magnet for venture capital, reportedly raising *over $10 billion* and seeking even more under sky-high valuations. Such funds came with expectations – namely, monetizing AI at scale. Indeed, OpenAI’s **GPT-4 was offered as a paid service**, and the company negotiated lucrative cloud deals (including a surprising collaboration to make its models available on **Amazon’s AWS** cloud as well, despite Microsoft’s involvement). By mid-2024, OpenAI was in discussions for a fresh funding round that could value it at $25 billion or more. To Musk and his supporters, this was proof that OpenAI cared more about an IPO someday than about “sharing” AI with humanity. They pointed to how **OpenAI’s non-profit arm held only a minority stake now**, and how control had effectively passed to a board and investors not accountable to the public. *(Musk’s lawsuit, in fact, sought to restore the non-profit’s control before any further fundraising could dilute it)*

OpenAI’s leadership pushed back strongly on this narrative. They argued that without significant capital, only tech giants like Google would have the compute power to develop advanced AI – thus **taking the investment was necessary to fulfill OpenAI’s mission** of competing with those giants. Microsoft’s backing, they claimed, enabled them to *“aim higher”* and accelerate progress toward safe artificial general intelligence. Yes, it meant playing by certain commercial rules, but the alternative (falling behind or going slow) seemed worse. Sam Altman frequently emphasized that **OpenAI remained governed by its charter**, which obligates it to benefit humanity and even sacrifice profit if a conflict arises. Of course, skeptics wondered how much a charter is worth once tens of billions are on the table.

## **Sam Altman’s Tightrope: Safety Crusader or Tech Tycoon?**

At the center of this storm, **Sam Altman** walked a fine line. The 38-year-old CEO had become the public face of AI’s promise and peril. In May 2023, Altman testified before the U.S. Congress and surprised many by *begging for regulation*. He warned lawmakers about the risks of unchecked AI and urged the creation of a federal agency to license powerful models. *“If this technology goes wrong, it can go quite wrong,”* Altman told senators – a quote that reverberated widely. He even proposed safety testing and **licensing requirements for AI systems above a certain capability threshold**, effectively inviting government oversight of companies like his. To Altman’s supporters, this showed humility and responsibility. To his detractors (Musk included), it seemed like theater – or worse, a way to entrench OpenAI as a gatekeeper. **“Regulation is important,”** Altman said, **“and we want to work with government”**. Not coincidentally, OpenAI’s call for licensing echoed proposals from other incumbents who could easily comply, potentially making it harder for small competitors (like xAI) to challenge them. Tech ethics critics noted that industry calls for regulation often *“serve the industry’s interests”* by shaping rules in their favor.

Altman’s position was thus Janus-faced. He presented himself as the *concerned architect* of a powerful technology, willing to slow down if needed. Under his leadership, OpenAI did implement some guardrails – for example, it spent months on **“red team” testing of GPT-4** to curb biases and harmful outputs before release, and it limited certain high-risk uses. Altman also met frequently with policymakers in Washington and Europe, shaping impending AI regulations. In public, he often stressed the long-term existential risks from AI (like a true believer in AI’s world-altering potential) and the need for collective action to prevent them. This made him something of a futurist-statesman, in contrast to Musk’s more combative persona.

Yet, Altman is also a **Silicon Valley entrepreneur** mindful of competition. After all, he had aggressively moved OpenAI from pure research lab to product company with ChatGPT, leaping ahead of rivals. Those moves, while controversial, put **OpenAI at the forefront of an AI revolution** and yielded real-world impact (hundreds of millions of users interacting with AI). Altman negotiated massive deals, hired top talent, and generally behaved like a CEO gunning for dominance. He thus had to assure multiple stakeholders at once: investors that OpenAI would continue innovating (and earning), the public that OpenAI wouldn’t unleash horrors, and governments that OpenAI was a partner, not a threat. It’s a balancing act few envy.

By July 2024, Altman’s tightrope walk was getting shakier. Internally, OpenAI had seen **unrest and high-profile departures** – including safety researchers who left to form rival labs (Anthropic, founded by former OpenAI insiders, positioned itself as more safety-conscious). And although OpenAI tried to be transparent about certain decisions, it sometimes communicated poorly. For instance, when it refused to reveal GPT-4’s model size or training methods, it cited the competitive landscape and “safety” as reasons, attracting cynicism from the research community. *Whose safety?* some asked – safety from misuse, or safety from scrutiny? Altman acknowledged the criticism but held firm that **controlled releases were an “easier way to hit the safety threshold”** OpenAI felt it must meet. In effect, **Sam Altman became the human face of AI’s centralization**: the man pleading for caution while presiding over the most fast-paced rollout of AI tech in history. It’s no wonder that public opinion on him – and OpenAI – began to splinter.

## **“AI for All” or “AI for the Few”?**

The Musk vs. OpenAI showdown ultimately boils down to a question: Who gets to shape AI’s future, and on what terms? In its early days, OpenAI’s motto could have been “AI for everyone.” It published research openly and talked about avoiding centralization of power. But as 2024’s drama showed, many now feel AI has become **“AI for the few”** – a few companies, a few wealthy investors, a few governments. Musk loudly voiced this concern. He argued that **a super-intelligent AI “cannot be in the hands of one or a few entities”** without risking society. By turning AI development into a corporate arms race, Musk warned, OpenAI and its peers were concentrating power and information. His lawsuit explicitly stated that OpenAI putting profit first *“violated the startup’s founding mission”* to benefit humanity. In Musk’s vision, the alternative is a more distributed AI ecosystem: open-source models like xAI’s Grok and Meta’s LLaMA, and transparency that lets independent experts verify what these systems are doing.

To a segment of the public – especially developers, researchers, and digital rights advocates – Musk’s stance struck a chord. Throughout 2023, we witnessed a **grassroots open-source AI movement** blossom. When OpenAI kept GPT-4 under wraps, researchers elsewhere responded by releasing their own (admittedly smaller) models openly. By mid-2024, *some of the most innovative AI work was happening in the open*: collaborative projects sharing code on GitHub, academic efforts like Stanford’s Alpaca model (built on OpenAI’s own leaked outputs), and Meta’s decision to open-source a powerful model (LLaMA 2) under a permissive license. This “community first” approach to AI gained momentum as a counterweight to Silicon Valley secrecy. People excited by these developments often cite Musk’s critique as validation – **had OpenAI stayed truly open, perhaps the community wouldn’t need to recreate its work** piece by piece. Now, many feel that spirit of openness has shifted away from OpenAI to others. Indeed, even **Sam Altman conceded that OpenAI’s closed-off approach left it “on the wrong side of history” of the open-source debate**. It was a remarkable statement from the CEO, effectively admitting that the balance had tipped too far toward closed AI.

Yet, a significant portion of the public – and many governments – remained wary of Musk’s vision. OpenAI’s supporters argue that *completely open AI* can be dangerous. They point to **misuse of AI chatbots to generate malware or hate speech**, or the risk that openly released models could be repurposed by terrorists or authoritarian regimes. For these observers, **some gatekeeping is responsible**. OpenAI, for all its flaws, at least spends great effort aligning and testing its models to reduce harmful outputs. Sam Altman often noted that **keeping models API-only gave OpenAI “an easier way to hit the safety threshold”** needed for deployment . In plainer terms: if the model is on OpenAI’s servers, they can monitor and mitigate its behavior; if it’s downloaded by anyone, all bets are off. Many users (especially non-technical ones) also *trust brand-name AI products* more than unknown alternatives. ChatGPT, with OpenAI’s and Microsoft’s backing, carried an aura of legitimacy. By contrast, when Musk’s Grok chatbot debuted, it drew skepticism – some assumed anything under Musk’s aegis might be erratic or used to boost his own platforms. Grok’s early version, for example, was only accessible via Musk’s X app and even **allowed users to generate deepfakes and vulgar content** to “push the envelope,” something that alarmed ethicists. Critics saw Musk’s approach as courting chaos under the banner of free speech.

Thus, **public trust split** into two camps. One camp sided with Musk’s call for democratizing AI development: they cheered when he open-sourced Grok and when other firms followed suit, believing transparency would keep the tech giants honest. The other camp leaned toward Altman’s managed approach: they accepted some opacity and corporate involvement as the price for safety and reliability. This divide showed up in discourse everywhere from AI conferences to social media. Was OpenAI a pragmatic guardian of powerful tech, or a sellout? Was Musk a visionary championing the little guy, or a rogue actor motivated by ego and lacking caution? **There was no consensus.** Even AI experts were torn. Notably, *other industry leaders* began taking sides: **Google’s AI chief Demis Hassabis** cautioned against open-sourcing the most advanced models too quickly (echoing OpenAI’s concerns), while **Meta’s CEO Mark Zuckerberg** voiced support for open-source AI as a driver of innovation (more aligned with Musk’s view).

By July 2024, the feud between Musk and OpenAI had become more than personal drama – it symbolized a fundamental choice about AI’s trajectory. Lawmakers and regulators, too, were paying attention. In Europe, regulators drafting the EU’s AI Act privately noted Musk’s arguments about openness even as they heard Altman’s warnings about risk. In the U.S., Congress peppered Altman with questions about whether OpenAI’s dominance was healthy, implicitly channeling Musk’s critique of concentration. And in the court of public opinion, polls showed **growing wariness about a few companies controlling AI**. A Gallup survey found **77% of Americans do not trust businesses to use AI responsibly** – an implicit call for broader accountability. Musk seized on such stats to bolster his case that OpenAI and its allies needed reining in.

## **A Split in the AI Roadmap**

The clash between Elon Musk and OpenAI in 2024 will be remembered as a pivotal moment – **when the center cracked** and two divergent visions of AI’s future crystallized. On one path, a tightly controlled development led by a handful of well-resourced organizations, emphasizing safety, consistency, and global coordination. On the other path, a decentralized development with many players, emphasizing transparency, community access, and the classic Silicon Valley ethos of open innovation. Both paths carry risks and promises. And as of mid-2024, neither has “won.” Musk’s xAI is still nascent, and OpenAI faces more scrutiny than ever. It’s conceivable that these paths will continue to coexist, pulling the industry in two directions and perhaps keeping each other in check. Musk’s provocations have certainly pressured OpenAI to **be more forthcoming** and consider open-sourcing *some* of its work (Altman has hinted at releasing smaller models). Conversely, OpenAI’s focus on safety has pushed even Musk to *think twice* about completely unfettered AI (xAI, for instance, did implement basic content moderation on Grok after some early missteps). The rivalry might ultimately benefit the public, if it leads to a balance between openness and responsibility.

For now, though, the rhetoric remains heated. **“OpenAI needs to stop living a lie,”** Musk declared, insisting the future must be decentralized. OpenAI’s team fired back that Musk **“inspired us, then told us we would fail… and then sued us when we started making progress without him.”** The personal animosity is palpable. But step back, and it’s clear that this is bigger than two personalities. It’s about whether AI will be a public good or a proprietary asset. It’s about innovation versus control, speed versus caution, the crowd versus the elite. By cracking the center of the AI world wide open, 2024 forced everyone – researchers, policymakers, and everyday users – to confront these trade-offs. The fight for AI’s future, it turns out, is a fight for its soul: **will AI’s power belong to everyone, or only to the few?** The answer is still unfolding, but one thing is certain. Thanks to this clash, *the era of unquestioned “AI for all” idealism is over*. In its place, a more fraught, honest conversation has begun. And in that sense, perhaps, both Musk and Altman have already left an indelible mark on the history of technology.

This isn't a eulogy for OpenAI or a rally cry for Musk. It’s a call to wake up. The future of AI can’t be reduced to a courtroom feud or a billionaire’s branding war. It’s about systemic design, structural control, and whether intelligence itself will be monopolized or made plural. Forget the figureheads—if we stay distracted by their theater, we’ll miss the real game playing out behind the curtain. This story was never about them. It’s about us.

**Sources:** Reuters, NDTV, The Guardian, OpenAI blog, Congressional testimony transcripts. The legal battle between Musk and OpenAI is detailed in court filings and press coverage ([Musk's lawsuit against OpenAI may go to trial in part, judge says | Reuters](https://www.reuters.com/legal/elon-musk-openai-head-court-spar-over-nonprofit-conversion-2025-02-04/#:~:text=Rogers%20was%20considering%20Musk%27s%20recent,playing%20out%20publicly%20in%20court)) ([Change Name To "ClosedAI", Elon Musk Tells Sam Altman's OpenAI. Here's Why](https://www.ndtv.com/world-news/change-name-to-closedai-elon-musk-tells-sam-altmans-openai-heres-why-5191645#:~:text=Billionaire%20Elon%20Musk%20recently%20sued,the%20company%27s%20board%20in%202018)). Musk’s public statements were captured on X (Twitter) and reported by outlets like NDTV ([Change Name To "ClosedAI", Elon Musk Tells Sam Altman's OpenAI. Here's Why](https://www.ndtv.com/world-news/change-name-to-closedai-elon-musk-tells-sam-altmans-openai-heres-why-5191645#:~:text=Now%2C%20the%20Tesla%20and%20SpaceX,to%20stop%20living%20a%20lie)). OpenAI’s responses come from its official blog and statements cited by Reuters ([Change Name To "ClosedAI", Elon Musk Tells Sam Altman's OpenAI. Here's Why](https://www.ndtv.com/world-news/change-name-to-closedai-elon-musk-tells-sam-altmans-openai-heres-why-5191645#:~:text=This%20comes%20as%20the%20AI,said%20in%20a%20blog%20post)). Developments around xAI and Grok were reported by Reuters and others ([Elon Musk takes another swing at OpenAI, makes xAI's Grok chatbot open-source | Reuters](https://www.reuters.com/technology/elon-musk-says-his-ai-startup-xai-will-open-source-grok-chatbot-2024-03-11/#:~:text=March%2011%20%28Reuters%29%20,profit%20model)) ([Elon Musk takes another swing at OpenAI, makes xAI's Grok chatbot open-source | Reuters](https://www.reuters.com/technology/elon-musk-says-his-ai-startup-xai-will-open-source-grok-chatbot-2024-03-11/#:~:text=,social%20media%20firm%20he%20owns)). Altman’s Senate testimony calling for AI model licensing is documented in Reuters coverage ([OpenAI chief concerned about AI being used to compromise elections | Reuters](https://www.reuters.com/technology/openai-chief-goes-before-us-congress-propose-licenses-building-ai-2023-05-16/#:~:text=Speaking%20before%20Congress%20for%20the,for%20development%20of%20AI%20models)). Public opinion data is from Gallup ( [Americans Express Real Concerns About Artificial Intelligence](https://news.gallup.com/poll/648953/americans-express-real-concerns-artificial-intelligence.aspx#:~:text=match%20at%20L418%20year,businesses%20to%20use%20AI%20responsibly) ). This article is written from the vantage point of July 2024, reflecting events up to that time.